

MOVING TO WORK DEMONSTRATION AGREEMENT

This Agreement is entered into by and between the United States of America through the Department of Housing and Urban Development ("HUD") and the King County Housing Authority (the "Agency"). The term of this Agreement shall begin on the Date of Execution by HUD and continue for seven (7) years, unless otherwise specified herein.

WHEREAS, Section 204 of the Omnibus Consolidated Rescissions and Appropriations Act of 1996 (Pub. L. 104-134) (the "1996 Appropriations Act") establishes the Public Housing/Section 8 Moving to Work Demonstration program ("MTW"); and

WHEREAS, Section 204(a) of the 1996 Appropriations Act provides that public housing agencies ("PHAs") and the Secretary of the Department of Housing and Urban Development (the "Secretary") shall: have the flexibility to design and test various approaches for providing and administering housing assistance that reduce cost and achieve greater cost effectiveness in Federal expenditures; give incentives to families with children whose heads of household are either working, seeking work, or are participating in job training, educational or other programs that assist in obtaining employment and becoming economically self-sufficient; and increase housing choices for low-income families; and

WHEREAS, HUD may permit agencies to combine funds from several HUD programs, and may exempt agencies from existing public and Indian housing and Section 8 certificate and voucher rules under Moving to Work Demonstration authority; and

WHEREAS, the Secretary has the authority to select up to thirty (30) agencies that administer the public housing and Section 8 programs to participate in the Moving to Work demonstration program; and

WHEREAS, the Secretary has determined that the Agency's application satisfies the Secretary's selection criteria as set forth in the Notice of Moving to Work Demonstration program and invitation to apply, published December 18, 1996 (61 Fed. Reg. 66856), and selected the Agency to participate in the Moving to Work demonstration; and

WHEREAS, the parties have previously entered into one or more annual contributions contracts ("the ACCs") setting forth the terms and conditions under which the Agency participates in the public housing and/or Section 8 certificate and voucher programs administered by HUD; and

WHEREAS, it is the aim of this demonstration to design and test innovative methods of providing housing and delivering services to low-income families in an efficient and cost effective manner, HUD and the Agency agree to fully cooperate with each other in order to make the MTW demonstration a success; and

WHEREAS, the parties desire to state the terms and conditions under which HUD will permit the Agency to participate in the Moving to Work Demonstration program as set forth in the Agency's HUD-approved Statement of Authorizations, attached hereto as Appendix. The Statement of Authorizations is hereby incorporated into this Agreement.

NOW, THEREFORE, in reliance upon and in consideration of the mutual representations and obligations hereunder, the parties do agree as follows:

ARTICLE I. HUD Program Requirements and Other Federal Requirements.

A. This Agreement supersedes the terms and conditions of the ACCs and the provisions of the United States Housing Act of 1937 (the "1937 Act") and HUD requirements to the extent necessary for the Agency to implement its MTW demonstration, as approved by HUD in this Agreement. All authorizations contained in this Agreement are for the length of the demonstration only, unless otherwise specified. Except as necessary to implement the Agency's activities described in the Statement of Authorizations, the Agency is subject to the requirements of the ACCs, the 1937 Act, and other HUD requirements. Notwithstanding anything in this Agreement, the following provisions of the 1937 Act, as otherwise applicable, shall continue to apply to the Agency and/or assistance received pursuant to the 1937 Act:

1. The terms "low-income families" and "very low-income families" shall continue to be defined by reference to Section 3(b)(2) of the 1937 Act (42 U.S.C. 1437a(b)(2));
2. Section 18 of the 1937 Act (42 U.S.C. 1437p, as amended by Section 1002(d) of Public Law 104-19, Section 201(b)(1) of Public Law 104-134, and Section 201(b) of Public Law 104-202), governing demolition and disposition, shall continue to apply to public housing notwithstanding any use of the housing under MTW; and

3. Section 12 of the 1937 Act (42 U.S.C. 1437j), governing wage rates, shall apply to housing assisted under MTW unless tenant-based assistance is the only assistance received by participating families and the housing in which they reside receives no other assistance.
- B. To the extent described in the Statement of Authorizations, as applicable and as approved by HUD, the Agency may combine operating subsidies provided under Section 9 of the 1937 Act (42 U.S.C. 1437g), modernization funding provided under Section 14 of the 1937 Act (42 U.S.C. 1437l) and assistance provided under Section 8 of the 1937 Act for the certificate and voucher programs (42 U.S.C. 1437f) to fund HUD approved MTW activities.
 - C. Unless otherwise provided herein, this Agreement does not apply to Section 8 assistance that is required: (a) to meet existing contractual obligations of the Agency to a third party (such as Housing Assistance Payment contracts with owners under the Agency's Section 8 certificate and voucher program); (b) for payments to other PHAs under Section 8 portability billing procedures; or (c) to meet particular purposes for which HUD has expressly committed the assistance to the Agency.
 - D. The Agency agrees to comply with HUD requirements governing the MTW program. Such HUD requirements include, but are not limited to management, financial, accounting, or other requirements designed to adequately track and monitor the Agency's use of HUD assistance. Notwithstanding other provisions of this Agreement, the Agency will be required to submit reports and financial statements as necessary in forms prescribed by HUD.
 - E. The Agency agrees to cooperate fully with HUD and its contractors in the monitoring and evaluation of the MTW demonstration, to keep records and to submit reports and information to HUD as required of PHAs participating in the MTW program. Except as otherwise provided in this Agreement, the Agency shall submit an Annual Plan and Report as required by Section 5A of the 1937 Act (as amended), which shall include a separate section fully describing activities and uses of funding the Agency is undertaking through the MTW demonstration.
 - F. Pursuant to the 1996 Appropriations Act, the amount of assistance that the Agency receives for public housing operating subsidies, public housing modernization grants, and Section 8 assistance for certificates and vouchers will not be less than it would otherwise have been eligible for as a non-MTW Agency.
 - G. Any HUD assistance that the Agency is authorized to use in the MTW demonstration must be used in accordance with the Agency's HUD-approved Statement of Authorizations (Appendix). The Agency hereby certifies that the Agency's governing board has approved this Agreement, and that a copy of such board approval has been provided to HUD.

- H. As required by the 1996 Appropriations Act, the Agency agrees that at least seventy-five percent (75%) of the families assisted by the Agency under the MTW demonstration program will be very low-income families. The Agency agrees to comply with the requirements of Section 16(a) (3) of the 1937 Act (as amended). The Agency agrees to continue to assist substantially the same number of eligible low-income families under MTW, and to maintain a comparable mix of families by family size, as would have been served or assisted if HUD funding sources had not been used under the MTW demonstration. The Agency agrees that housing assisted under MTW will meet housing quality standards established or approved by HUD.
- I. The Agency may adopt and implement any reasonable policies for setting rents for public housing, rent or subsidy levels for tenant-based assistance, policies that define Annual Income (including definitions of income exclusions and inclusions established by HUD under the 1937 Act, but not including definitions and exclusions mandated by other federal law or regulations) under an income based rent system and policies for determining utility allowances, notwithstanding the U.S. Housing Act of 1937, provided that the Agency submits the policy to HUD annually, and upon any material change to the policy, and provided that:
1. the Agency's board approves of the policy, and any material changes, and approves an analysis of the impact of the policy on current households, and households on the waiting list, including an analysis of the severity of rent burdens on such households (such as an estimate of the number of households that would have rent burdens greater than 30 percent of adjusted income);
 2. the Agency reevaluates its rent and subsidy level policies annually, including preparing a revised impact analysis;
 3. the Agency adopts a policy for addressing hardship cases;
 4. the Agency provides a reasonable transition period for rent increases for existing tenants; and,
 5. a public hearing is held regarding the policy; provided however, that in the first year of the demonstration, this may be the same public hearing that was held regarding the Agency's MTW application, as long as the policy was included in the MTW application.

The rent policy, or any material changes to the rent policy will be effective upon submission to HUD of a board resolution as provided above. In the first year of the MTW demonstration, this may be the same board resolution as that approving the MTW Agreement.

- J. The Agency agrees to make every effort to obtain assumption of environmental review responsibilities by the local responsible entity under CFR 24 Part 58. The Agency's responsible entity is King County. Where review by the County or an alternative local responsible entity is not possible, the Agency agrees to provide HUD with any documentation that HUD needs to carry out its review under the National Environmental Policy Act (NEPA) and other related authorities and otherwise will assist HUD in complying with 24 CFR Part 50 environmental review procedures.

The Agency further agrees (a) to carry out mitigating measures required by HUD or select an alternate eligible property, if permitted by HUD, and (b) not to acquire, rehabilitate, convert, lease, repair or construct property, or commit HUD or local funds to program activities involving eligible property without HUD's approval under 24 CFR Part 50 or Part 58.

- K. The Agency will comply with all applicable nondiscrimination and equal opportunity requirements set forth in 24 CFR 5.105(a), and will administer its programs and activities in a manner affirmatively to further fair housing. In particular, the Agency must make reasonable modifications and accommodations needed by applicants and residents and must make units accessible in accordance with the Needs Assessment and Transition Plan as required under Section 504 of the Rehabilitation Act of 1973 and its implementing regulations.

ARTICLE II. Revision and Termination of Agency MTW Program

- A. With written HUD approval, this Agreement and the Statement of Authorizations may be revised by the Agency during the course of the demonstration. The Agency shall request approval of a revision by written notification to HUD (delivered to the Office of Public Housing Investments, or its successor, in the Office of Public and Indian Housing), accompanied by an approved board resolution, or equivalent, and certification that the Agency has satisfied all resident participation requirements. The Agency will provide a reasonable period within which residents may comment. The Agency will consider these comments prior to amending this Agreement. HUD will review the request and notify KCHA of the results of any action on proposed amendments.
- B. HUD will cooperate with the Agency to extend successful demonstration activities beyond the term of the MTW demonstration where feasible. To the extent that MTW activities will not continue past the term of the demonstration, the Agency shall fully cooperate with HUD in developing and implementing a transition plan for terminating the Agency's MTW demonstration program and providing for the continued administration of the public housing and Section 8 programs, as applicable.
- C. At any time HUD may terminate this Agreement, and the Agency's MTW demonstration, or take any corrective or remedial action as described in Article III.C. of this Agreement, for Agency default, or other good cause as determined by HUD after providing the Agency with notice and a reasonable opportunity to be heard, unless HUD determines the nature of the default requires that HUD take immediate action.

ARTICLE III. Default.

- A. Definition of Default. Use of funds subject to this Agreement for a purpose other than as authorized

by this Agreement; noncompliance with legislative, regulatory, or other requirements applicable to this Agreement; other material breach of this Agreement; or a material misrepresentation in the MTW Plan submission by the Agency shall be a default under this Agreement.

- B. HUD's Determination of Default. If HUD determines that the Agency is in default, HUD will give the Agency written notice of the default and of the corrective or remedial action required or ordered by HUD.
- C. Corrective or remedial actions HUD may require or order under this Agreement for Agency default include, but are not limited to the following:
 - 1. Requiring the Agency to prepare and follow a HUD approved schedule of actions and/or a management plan for properly completing the activities approved under this Agreement;
 - 2. Canceling or revising the affected activities, revising the budget for activities as necessary, and substituting other eligible activities;
 - 3. Prohibiting payment or reimbursement for any MTW demonstration activities or for those activities affected by the default;
 - 4. Requiring reimbursement by the Agency to HUD for amounts used improperly.
 - 5. Terminating this Agreement;
 - 6. Changing the method of payment to the Agency;
 - 7. Suspending the Agency's authority to make draws or receive or use funds for affected activities;
 - 8. Reducing the Agency's funding in the amount affected by the default;
 - 9. Terminating the Agency's funding as to further activities under the MTW demonstration;
 - 10. Taking any other corrective or remedial action legally available; and
 - 11. Taking action, as applicable, pursuant to the Section 8 and/or public housing Annual Contributions Contract.

This Agreement is effective upon execution, except as otherwise provided herein.

KING COUNTY HOUSING AUTHORITY

By

Its Executive Director

Date of Execution by Agency

8/1/02

UNITED STATES DEPARTMENT OF
HOUSING AND URBAN DEVELOPMENT

By

Its Assistant Secretary

Date of Execution by HUD

9/8/02

APPENDIX
TO
MOVING TO WORK DEMONSTRATION AGREEMENT
BETWEEN
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
AND
THE KING COUNTY HOUSING AUTHORITY

Statement of Authorizations

- I. General Conditions
- A. This Statement of Authorizations describes the activities that the King County Housing Authority (KCHA) may carry out under the Moving to Work Demonstration program (MTW), subject to the terms and conditions of the Moving to Work Demonstration Agreement (MTW Agreement) between the KCHA and the U.S. Department of Housing and Urban Development (HUD).
- B. The term of the MTW Agreement and of the KCHA's demonstration program is seven (7) years, commencing on the date of the execution of the MTW Agreement by HUD. If the Agreement is executed in the middle of the KCHA fiscal year, the demonstration will remain in effect for seven (7) years from the start of the next fiscal year, but all MTW provisions will be effective immediately upon execution of this Agreement.
- C. HUD's evaluation plan for the MTW Demonstration may be reviewed by the KCHA in advance of implementation. The KCHA has 30 days to review the evaluation criteria; any objections to the evaluation will be forwarded to HUD for further consideration.
- D. Unless otherwise provided in this Agreement, KCHA's MTW demonstration applies to all public housing units owned or managed by the KCHA and current tenant based Section 8 rental assistance as defined in section V and Attachment A of this Agreement. The universe of Section 8 rental assistance to be included as MTW units as defined in Section V.A and Attachment A will remain constant throughout the term of the demonstration.
- E. During the term of this Agreement, nothing herein shall prevent KCHA from taking full advantage of future changes in the 1937 Act or HUD regulations for which KCHA qualifies and which are consistent with the purposes of this Agreement, including the ability to design and test new strategies for housing development or new public housing and/or Section 8 programs or policies.

- F. Both HUD and the KCHA recognize that time is of the essence and mutually agree to work cooperatively and expeditiously to review and implement the authorizations described in this agreement. The KCHA will submit and HUD will review in a timely manner all written requests for approval and funding contemplated herein. The KCHA and HUD also will work cooperatively to minimize the number of issues that the KCHA will need to return to HUD for approval, provided that such policies comply with parameters outlined in this Agreement.

II. Occupancy Policies

A. Site Based or Geographic Area Waiting List System

KCHA may implement a locally designed waiting list system that provides applicants with a reasonable choice of location in accordance with all civil rights and Fair Housing requirements, but in lieu of the specific procedural requirements of 24 CFR Part 903. A description of the waiting list system will be included in the annual MTW Plan.

B. Transitional/Conditional Housing Program

The KCHA may develop and adopt new short-term transitional housing programs with supportive services in one or more buildings in collaboration with local community-based organizations and government agencies. These transitional housing programs may provide marginally unsuitable housing assistance applicants (except for those applicants specifically excluded by HUD program regulations) with the opportunity to demonstrate that they are capable of being lease compliant. Successful participants in these programs will be eligible for transfer to KCHA's Public or Section 8 housing programs. KCHA will certify that these programs do not have a disparate impact on protected classes, and will be operated in a manner that is consistent with the requirements of Section 504 of the Rehabilitation Act. More specifically, under no circumstances will residents of such programs be required to participate in supportive services that are targeted at persons with disabilities in general, or persons with any specific disability. In addition, admission to any of the programs developed under this section will not be conditioned on the presence of a disability or a particular disability.

C. Modified Designation Plan for Certain Public Housing Communities

KCHA will involve a broad spectrum of community stakeholders, including advocacy groups for elderly and disabled households, in a process to explore alternatives to its current designation plan under KCHA's MTW planning efforts. A key goal of this initiative will be to ensure that KCHA is able to maintain and improve the quality of life in the mixed population buildings for both the elderly and the disabled. As part of this process, KCHA will evaluate the effects of KCHA's Housing Access and Services Program on the housing needs of the disabled

and elderly communities and explore options for increasing housing and support services resources for both population groups. **KCHA will follow current HUD regulations (PIH Notice 97-12 or its successor Notice or regulations) in formulating the plan.**

The alternatives to be considered will include, but not be limited to:

- The current mixed population designation plan, which does not place any restrictions on any of the eligible populations.
- A mixed population plan that designates specific portions (number or percentage of units) of buildings as either elderly or disabled.
- A mixed population plan that designates specific portions (number or percentage of units) of buildings as elderly, a portion as disabled, and a portion as mixed.

In keeping with its current plan, KCHA will not pursue any options that would have the effect of segregating elderly and disabled populations.

Once adopted, the designation plan will be updated and reviewed as part of the Annual MTW Plan and Report submitted by KCHA for HUD's review. In particular, KCHA will review the demographic make-up of its current resident population and applicants to assess the need for and support any changes to its Designation Plan.

D. Community Service Policy

The KCHA is authorized to develop and adopt a local policy regarding public housing resident participation in community service and self-sufficiency activities. For example, the KCHA is authorized to develop and adopt locally designed policies and procedures for residents of units which have been revitalized with HOPE VI funding.

E. Deconcentration Policy

The KCHA is authorized to develop and adopt a local policy designed to provide for deconcentration and income mixing in public housing communities in lieu of the requirements provided under the U.S. Housing Act of 1937 and 24 CFR 903.2.

F. Public Housing Ceiling Rents

The KCHA is authorized to immediately retain, at its option, the use of ceiling rents currently in place for public housing communities in lieu of the requirements and limitations under the U.S. Housing Act of 1937.

G. Initial, Annual and Interim Income Review Process

The KCHA is authorized to restructure the initial, annual and interim review process in the Section 8 and public housing programs in order to affect the frequency of the reviews and the methods and process used to establish the integrity of the income information

provided. In addition, the KCHA is expressly authorized to adopt a local system of income verification in lieu of the current HUD system. For example, the KCHA may implement alternate time frames for validity of verification or adopt policies for verification of income and assets through sources other than those currently allowed under the U.S. Housing Act of 1937.

H. Occupancy Policies at Mixed Population Developments

The KCHA is authorized to amend the definition of elderly (as currently defined by HUD regulations) to include applicants/residents 55 years of age or older. This will be accomplished in collaboration with local senior and other advocacy groups.

I. Local Preferences and Admission Policies and Procedures

The KCHA is authorized to develop and adopt local preferences and admission policies and procedures for admission into the public housing and Section 8 programs in lieu of HUD statutes, regulations or other requirements based in the 1937 Act so long as the families assisted qualify as low income.

J. Public Housing and Section 8 Transfer Policies

The KCHA is authorized to develop and adopt transfer policies that will govern transfers between the public housing and Section 8 programs in lieu of existing HUD rules.

K. Incentives for Hard to Market Communities

The KCHA is authorized to develop and offer incentives that will attract applicants to developments, or portions thereof, which have been difficult to market.

III. Family Self-Sufficiency Program

KCHA is authorized to develop and design a local Section 8 and public housing Family Self-Sufficiency (FSS) program in lieu of HUD requirements, including program size or participation requirements, or requirements to establish escrow accounts and other rent incentives. However, if KCHA receives funding for an FSS coordinator, such funds must be used to employ a self-sufficiency coordinator.

IV. Funding Issues

A. Single Fund Budget with Full Flexibility

1. Pursuant to Article I.B. of the MTW Agreement, the KCHA may combine its

public housing operating subsidies and capital funds, and 922 specifically identified tenant-based Section 8 rental assistance voucher funds into a single, authority-wide funding source, excluding funds like HOPE VI, which must be kept separate. The KCHA may use this funding source to carry out the purposes of the MTW demonstration to provide flexibility in the design and administration of housing assistance to eligible families, to reduce cost and achieve greater cost effectiveness in federal expenditures, to give incentives to families with children where the head of household is working, seeking work, or is preparing for work by participating in job training, educational programs, or programs that assist people to obtain employment and become economically self-sufficient, and to increase housing choices for low-income families, through but not limited to the following activities:

- a. Provision of assistance under the Capital or Operating funds to housing previously developed or operated pursuant to a contract between the Secretary and the KCHA or newly acquired or developed pursuant to section b below.
- b. The acquisition, new construction, reconstruction or moderate or substantial rehabilitation of housing, ancillary or commercial facilities which are consistent with the objectives of the demonstration, which may include but is not limited to real property acquisition, site improvement, development of utilities and utility services and energy efficiency systems, conversion, demolition, financing, administration and planning costs, relocation and other related activities; provided, however, that prior HUD approval is required for the development of any incremental public housing units.
- c. The provision of housing or employment-related services, such as housing counseling or housing mobility and search assistance in connection with rental or home ownership opportunities, energy auditing, activities related to the provision of self-sufficiency, housing stability and other services, employment counseling, education, training and other services related to assisting tenants, owners, contractors, and other persons or entities participating or seeking to participate in other housing or training and educational activities assisted pursuant to this section.
- d. The provision of management services, including preparation of work specifications, loan processing, inspections, tenant selection, management of tenant and project-based rental assistance and management of housing

projects or other facilities or operations developed under this program.

- e. Direct funding or establishment of an endowment to fund resident and/or participant services including youth tutoring, case management, arts programs, resident councils, Section 3 business development, drug/alcohol prevention, intervention, and treatment services to reduce drugs and drug-related criminal activity among program participants and to encourage community involvement, strengthen families, increase school performance and self-sufficiency of resident and/or participant households.
 - f. The provision of safety, security, and law enforcement measures and activities appropriate to protect residents of housing from crime.
 - g. The provision of tenant-based or project-based rental assistance, alone or in conjunction with other private or public sources of assistance.
 - h. The preservation of units currently serving people of low income or the acquisition and/or development of new units for people of low income.
 - i. The operation or preservation of locally developed housing programs.
- 2. The KCHA is authorized to use the MTW demonstration program to explore project-based funding methods that more closely conform to private sector apartment management models.
 - 3. The above activities may be carried out by the KCHA, by an entity, agent, or instrumentality of the KCHA, a partnership, a grantee, contractor, or other appropriate party or legal entity, subject to applicable procurement requirements.
 - 4. The KCHA expenditures will be in compliance with OMB Circular A-87, which provides basic guidelines for the use of federal funds, and this Agreement. Program-specific funding regulations governing allowable expenditures are suspended to the extent they are inconsistent with this Agreement.
 - 5. KCHA may use modernization or capital funds from fiscal years prior to its fiscal year 2004 in accordance with this Agreement and subject to section 9(j) of the 1937 Act.

6. The KCHA may maintain a reasonable operating reserve and replacement reserve consistent with sound public and private housing management practices. The KCHA may pledge its future funding streams to obtain public and private financing, realizing that all future funding streams are subject to federal appropriations. The KCHA may also mortgage its assets, subject to prior HUD approval on a case-by-case basis. HUD has an obligation to ensure that the projected benefits of such transactions exceed the risk to public housing assets.

B. Funding Methodology

During the term of the MTW demonstration, HUD will provide the KCHA with public housing operating subsidies and modernization funds, and with tenant-based Section 8 assistance, as provided in Attachment A and the FY 2003 Omnibus Appropriations Act.

C. Funding Disbursements

The KCHA will receive its public housing operating subsidy and Section 8 tenant-based funding in accordance with the following calculation and disbursement requirements:

1. Operating Subsidies

Operating subsidies will be determined in accordance with Attachment A.

2. Capital Funds and Other Grants

- a. The capital funds determined in accordance with Attachment A will be disbursed in accordance with standard HUD procedures for the disbursement of public housing modernization funds.
- b. In requisitioning grant funds, the KCHA will not be required to provide line item detail, but will request the funds using a single MTW line item; provided however, that the KCHA may not accelerate draw downs of funds in order to fund reserves.
- c. The KCHA may use these funds for any eligible MTW activity consistent with this Agreement.
- d. The KCHA is authorized to simplify the requisitioning of funds from all HUD grants allocated to KCHA in the manner authorized for capital

funds in this Appendix, whether or not these funds are allowed to be included in the MTW block grant. The KCHA will continue to administer and report on these programs in accordance with the terms and conditions under which the grant was received; it will merely simplify the funds reimbursement process through the use of a single line item within LOCCS or other HUD payment mechanism.

3. Section 8 Tenant-Based Assistance

Tenant-based Section 8 funds will be determined in accordance with Attachment A.

The KCHA may submit for HUD consideration alternative schedules for disbursement of public housing operating subsidy and Section 8 tenant-based funding to reduce the number of transactions and to address the time lag between making HAP payments for the large number of Section 8 participants from other jurisdictions (portables) and reimbursement by those jurisdictions.

D. Adoption of State of Washington Investment Policies

The KCHA is authorized to adopt State of Washington Investment Policies that will allow KCHA the flexibility to invest its financial resources productively and efficiently, provided that these policies are consistent with applicable federal law and OMB circulars. The KCHA shall invest only in securities authorized under the Washington State Housing Authority Law (RCW 35.82.070(6)).

V. Changes to Section 8 Housing Voucher Choice Programs

A. The KCHA is authorized to merge a portion of its Section 8 tenant-based assistance into a single program with one set of rules and to create its own Local Leased Housing Program. Under such a program, the KCHA will be authorized to determine the program's basic operational policies including, but not limited to, the following:

1. Reasonable contract rent increases;
2. Tenant ability to exceed Brooke Amendment rents, subject to Article I. I of the MTW Agreement;
3. Lease length, certificate expiration and reissuance (more specifically, MTW will allow for the suspension of HUD lease terms and term of assistance contracts);
4. Income qualifications and other eligibility criteria for participation in the rental assistance

- program (subject to the income eligibility and targeting requirements applicable to the Moving to Work Demonstration);
5. Property eligibility criteria, including types of units currently prohibited by Section 8 regulations listed in 24 CFR 982.352 (for example, assisted living facilities, congregate housing, SROs, or other housing the KCHA deems appropriate consistent with its mission);
 6. Waiting list procedures and tenant selection procedures, criteria and preferences;
 7. The content of housing assistance payments contracts to owners;
 8. The content of contract rental agreements;
 9. Damage claims and/or vacancy loss policy;
 10. The KCHA is authorized to determine what percentage of its rental/leased housing assistance will be project-based;
 11. The contract term of project-based assistance;
 12. Family obligations under the KCHA Local Leased Housing Program;
 13. Inspection protocols and frequencies for both KCHA owned and non-KCHA owned units;
 14. Procedures for rent reasonableness determinations for both KCHA-owned and non-KCHA-owned units.
 15. Portability policies and procedures with other local MTW and non-MTW housing authorities;
 16. Development and deployment of a shopping incentive policy;
 17. Adoption of extended Section 8 search time limits;
 18. Homeownership policies, procedures and programs;
 19. Streamlined use of Section 8 forms;
 20. Payment Standard;
 21. Applicable rent structure, including standards for reviewing and implementing utility allowances.
 22. Elements to be included in KCHA's Administrative Plan.

B. For the remainder of its section 8 rental vouchers, KCHA is authorized to determine the following basic operational policies, provided that these policies are consistent with the operational policies determined in accordance with section A above:

1. Income qualifications and other eligibility criteria for participation in the rental assistance program (subject to the income eligibility and targeting requirements applicable to the Moving to Work Demonstration and the requirements of special purpose vouchers);
2. Lease length, certificate expiration and reissuance (more specifically, MTW will allow for the suspension of HUD lease terms and term of assistance contracts);
3. Property eligibility criteria, including types of units currently prohibited by Section 8

- regulations listed in 24 CFR 982.352 (for example, assisted living facilities, congregate housing, SROs, or other housing the KCHA deems appropriate consistent with its mission);
4. Waiting list procedures and tenant selection procedures, criteria and preferences; however, the KCHA will be required to meet all targeting, reporting and other requirements for special purpose vouchers;
 5. The content of housing assistance payments contracts to owners;
 6. The content of contract rental agreements;
 7. Damage claims and/or vacancy loss policy, except for any changes that result in an increase in the cost of the program;
 8. The KCHA is authorized to determine what percentage of its rental/leased housing assistance will be project-based;
 9. The contract term of project-based assistance;
 10. Family obligations under the KCHA Local Leased Housing Program;
 11. Inspection protocols and frequencies for both KCHA owned and non-KCHA owned units;
 12. Procedures for rent reasonableness determinations for both KCHA-owned and non-KCHA-owned units.
 13. Portability policies and procedures with other local MTW and non-MTW housing authorities;
 14. Adoption of extended Section 8 search time limits;
 15. Homeownership policies, procedures and programs;
 16. Streamlined use of Section 8 forms;
 17. Elements to be included in KCHA's Administrative Plan.

The KCHA is authorized to revise operational policies and procedures other than those listed above, subject to prior HUD approval and provided that KCHA complies with HUD requirements regarding rent reasonableness. Under all circumstances, the requirements of special-purpose vouchers (targeting, reporting, etc.,) will be maintained. Additionally, policy changes that may result in an increase in the amount of subsidy provided to Section 8 participants (e.g., income exclusions and other elements of rent structure) are authorized only for vouchers included in the MTW Block Grant as defined in Attachment A.

- C. The KCHA will provide all information required in the Annual MTW Plan and the Annual MTW Report (as outlined in Attachment B) for all of its public housing and Section 8 rental assistance, regardless of whether the units are included in the MTW block grant.
- D. The KCHA may cooperate with other housing authorities in order to further the goals of the MTW demonstration.

VI. Administrative Issues

A. The KCHA Annual MTW Plan and Annual MTW Report

1. In lieu of the five (5) year plan and annual plan required by Section 5A of the 1937 Act, as amended, the KCHA will prepare and will conduct its activities in accordance with an Annual MTW Plan. The Annual MTW Plan will serve as a comprehensive framework for KCHA's Public Housing and Section 8 Housing Voucher activities, including resource allocation decisions, and will be submitted to HUD for its review annually, no later than 60 days prior to the start of KCHA's fiscal year (except that in the first year of the MTW demonstration it will be submitted within a reasonable period of execution of this Agreement). The Annual MTW Plan shall be submitted to HUD with a board resolution approving the plan and certifying that a public hearing has been held regarding the plan. HUD will review the Annual MTW Plan for consistency with this MTW Agreement. The Annual MTW Plan and the Annual MTW report will be provided to HUD in a reasonable format and shall include the list of items as identified in Attachment B.
2. The KCHA will prepare an Annual MTW Report, including a Consolidated Financial Report describing the sources and uses of funds under this Agreement, which will compare the KCHA's performance with its Annual MTW Plan. The Annual MTW Report will provide the information necessary for HUD to assess the KCHA's performance, in both regular operations and in activities authorized by the MTW Demonstration Program. All HUD forms and other reporting mechanisms, including any required certifications, will, where appropriate, be included in either the Annual MTW Plan or the Annual MTW Report, and will not be submitted to HUD at other times during the year. However, HUD reserves the right to conduct independent physical inspections of KCHA property and to require submission of any other information required by law or for sound administration of the program. The KCHA may provide for HUD consideration and approval streamlined and less costly methods of scheduling and conducting independent physical inspections of KCHA developments than is prescribed in the Public Housing Assessment System (PHAS) protocols. Inspections completed within KCHA developments will be utilized for informational purposes only and will not be subject to assessment under any HUD management evaluation program. The Annual MTW Report will be submitted to HUD for its review annually, no later than 90 days after the end of the KCHA's fiscal year, except the first report will be submitted within a reasonable period of the end of the fiscal year for which there is an Annual

MTW Plan. The KCHA shall submit with the Annual MTW Report a board resolution approving the Report. HUD will review the Annual MTW Report for consistency with the Annual MTW Plan. As stated earlier, the Annual MTW Plan and Annual MTW Report will be provided to HUD in a reasonable format and shall include the list of items identified in Attachment B. Except as otherwise provided in this Agreement, the Annual MTW Report will take the place of all other conventional HUD performance measures.

3. During the term of the MTW demonstration, to the extent provided in this Statement of Authorizations and unless otherwise specified, the KCHA's Annual MTW Plan and Annual MTW Report will replace only those program-based reporting requirements which are applicable to the receipt of public housing operating subsidies and capital funds and/or tenant-based Section 8 funds.
4. The KCHA will submit an annual audit that complies with the requirements of OMB Circular A-133 including the OMB Compliance Supplement, as determined by the auditor to be relevant to the MTW demonstration.

B. Suspension of Current Evaluation and Reporting Requirements

1. During the term of the MTW demonstration, the KCHA will be evaluated by HUD on the basis of its Annual MTW Report, in lieu of the Public Housing Assessment System (PHAS) or its successor system (except for reasonable physical inspections in accordance with this Agreement), and the Section 8 Management Assessment Program (SEMAP) and other program evaluation requirements, except as otherwise provided in this Agreement. The KCHA will submit an Annual MTW Report to HUD in lieu of any other reports during the term of the demonstration. The KCHA intends to develop its own internal management assessment system and will incorporate relevant performance indicators into the annual MTW Report, including those indicators specified in Attachment B, HUD will assess KCHA's performance on an annual basis by comparing, at the end of the housing authority's fiscal year, its goals as stated in its Annual MTW Plan to its actual performance, as stated in the MTW Report.
2. Whereas the KCHA has been a High Performer under the Public Housing Management Assessment Program (PHMAP) and whereas future evaluation under the Public Housing Assessment System (PHAS) does not apply, the KCHA will be entitled to any and all incentives, including bonus points, which

may be applicable to any competitive or formula proposals offered under the PHAS or any successor system. During the course of the MTW demonstration and upon re-entry into (PHAS) or any successor system, the KCHA will retain its most recent PHMAP, or comparable, score. Likewise, as a High Performer under the Section 8 Assessment System (SEMAP), the KCHA will retain its High Performer status during the MTW demonstration and will be entitled to any and all incentives offered under that evaluation program.

3. The KCHA is exempt from submitting reports and documents except as required by the MTW Agreement Article I. Paragraph E. With respect to Article I. Paragraph D, HUD will provide KCHA with a list of any reports or financial statements necessary to provide the funding due to the KCHA under the MTW program. For all other forms and reports, HUD and the KCHA agree that, unless HUD provides an absolute written requirement for submission, the decision to submit rests with the KCHA.

HUD and the KCHA agree that the following two reports will continue to be submitted.

Information contained therein will be limited to the lines indicated below, which are required to verify receipt of funds for the respective programs:

- a) HUD 52681 Section 8 Voucher for Payment of Annual Contributions: Line 35.
 - b) HUD 52599 Public Housing Statement of Operating Receipts and Expenditures: Lines 690-750.
4. The KCHA is authorized to suspend submission of HUD 50058 data (for public housing and section 8) until such time as the 50058MTW becomes available for use by PHAs. At the time the 50058MTW, or its applicable replacement form, goes into effect, HUD and the KCHA will review the information collection and transmission protocols and agree in writing on the MTW submission requirements taking into account any circumstances unique to the KCHA.

C. Simplification of the Development and Redevelopment Process for Public Housing

The KCHA is authorized to develop and adopt reasonable policies and procedures that will simplify and streamline the HUD approval process for redevelopment and redevelopment activities involving building demolition, property disposition, homeownership opportunities and mixed finance agreements and partnerships.

1. The KCHA is authorized to establish reasonable cost formulas for development and redevelopment activities that will replace HUD's Total Development Cost (TDC) limits in order to reflect local marketplace conditions for quality

construction in King County.

2. The KCHA is authorized to establish reasonable and modest design guidelines, unit size guidelines and unit amenity guidelines for development and redevelopment activities that will replace HUD guidelines with guidelines that reflect local marketplace conditions for quality construction in King County.
3. With HUD's prior approval, the KCHA is authorized to develop and utilize a streamlined process for receiving HUD approval for mixed finance agreements and partnerships. For example, the KCHA may submit for HUD approval, a model set of regulatory and loan documents that incorporate HUD's critical statutory and policy requirements for affordability and operations. If approved as to form, these documents may be used for applicable project financing efforts. In addition, with HUD's approval, the KCHA will be authorized to self-certify such transactions within appropriate threshold levels and will not be required to receive HUD's prior approval before executing these transactions.
4. The KCHA is authorized to establish reasonable low-income home ownership programs, such as a lease-to-own program, that are not limited by the existing public housing homeownership requirements, provided that any disposition of current public housing units must be approved in advance by HUD and must meet applicable Section 18 requirements.
5. The KCHA is authorized to acquire sites without prior HUD approval, provided that the KCHA certifies that HUD site selection requirements have been met.
6. KCHA will comply with Fair Housing laws and Title VI of the Civil Rights Act of 1964, and implementing regulations related thereto, in determining the location of newly constructed or acquired public housing units. In determining the location of such housing, in lieu of the Site and Neighborhoods Standards set forth in 24 CFR 941.202(b)-(d), KCHA will
 - a. Locate units in (i) areas where subsidized housing represents a low percentage of the total number of housing units that area, (ii) areas where public housing units were previously constructed and were demolished, and (iii) economically impacted areas where KCHA plans to preserve existing affordable housing.
 - b. Conduct a housing needs analysis indicating that there is a real need for the housing in the area; and

- c. When developing or substantially rehabilitating six or public housing units, KCHA will: (i) consult with public housing residents through appropriate resident organizations and representative community groups in the vicinity of the subject property during the planning; (ii) advise current residents of the subject properties (“Residents”) and public housing residents, by letter to resident organizations and by public meeting, of the KCHA’s revitalization plan; and (iii) certify to HUD in its MTW Annual Report that the comments from Residents, public housing residents and representative community groups have been considered in the revitalization plan. Documentation evidencing that KCHA has met the stated requirements will be maintained at the housing authority and submitted to HUD in its MTW Annual Report.
 - E. KCHA may design and submit for HUD consideration and approval, streamlined disposition and demolition procedures for public housing, including HOPE VI.
 - F. The KCHA is authorized to encumber public housing property including dwelling and non-dwelling spaces and vacant land for the purpose of providing services, programs and capital improvements that benefit residents and program participants.
 - G. The KCHA is authorized to develop local procedures and policies regarding the viability, best use and/or conversion of public housing developments in relation to current and projected site and market conditions, in lieu of HUD regulations or other requirements of the U.S. Housing Act of 1937.
- D. Development of a Local Program for Project-Based Section 8 Housing Choice Vouchers
- Subject to (a) the provisions specified in Section V.A and V.B of this Agreement and (b) the understanding that project-basing of vouchers not included in the Block Grant will not result in an increase in the cost of subsidizing housing units, KCHA is authorized to immediately develop, adopt and implement reasonable local policies, processes and documents for project-basing and administering the MTW portion of its Section 8 Housing Choice Vouchers, including, but not limited to, the following:
- 1. The KCHA is authorized to project-base Section 8 Certificates and Vouchers at otherwise non-subsidized units controlled by KCHA that meet HQS standards without limitation as to the number of units that may receive project-based assistance in a given building.
 - 2. The KCHA is authorized to establish a reasonable competitive process and

contract terms, including the length of the contract, for project-basing Section 8 Certificates and Vouchers at otherwise currently non-subsidized units that meet HQS standards that are owned by non-profit housing entities.

3. The KCHA is authorized to establish a reasonable competitive process and contract terms, including the length of the contract, for project-basing Section 8 Certificates and Vouchers at otherwise currently non-subsidized units that meet HQS standards and that are owned by for-profit housing entities.

KCHA will implement these competitive processes pursuant to Part 85 and existing HUD waivers. HUD reviews and approvals related to the project-basing of Section 8 Certificates and Vouchers are suspended during the MTW demonstration.

KCHA will comply with Fair Housing laws and Title VI of the Civil Rights Act of 1964, and implementing regulations related thereto, in determining the location of newly constructed or substantially rehabilitated units eligible for receiving project-based assistance. In lieu of the Site and Neighborhood Standards set forth in 24 CFR 941.202(b)-(d), KCHA will be able to project-base Section 8 assistance in (i) areas where a needs analysis indicates that subsidized housing represents a low percentage of the total number of housing units in that area, (ii) areas where public housing units were previously constructed and were demolished, and (iii) economically impacted areas where KCHA plans to preserve existing affordable housing in accordance with the alternate Site and Neighborhood Standards set forth at Paragraph VI(C)(6) herein .

E. Simplification of the Wage Rate Monitoring Process

Subject to prior HUD approval, the KCHA is authorized to create a reasonable and less expensive process for determining, applying and reporting HUD determined wage rates for federally funded activities as well as for receiving contractor assurance of their use.

F. Simplification of Public Housing Management Practices

1. KCHA may develop and adopt reasonable policies and procedures that will simplify, streamline and enhance the delivery of management and maintenance services to KCHA owned, operated, or managed public housing communities and will remain in effect for the remainder of the demonstration.
2. KCHA is authorized to deploy a risk management approach in establishing property and system inspection protocols and frequencies in lieu of the HUD requirements of annual inspections by PHAs.

3. KCHA is authorized to develop and adopt a new form of local lease and establish community rules, grievance procedures, tenant self-sufficiency requirements and reasonable tenant fees based on proven private management models (subject to State and local laws), provided that no-cause evictions are not permitted. These items would be subject to the same community, resident, and Board review process as the Annual MTW Plan.
4. KCHA is authorized to deploy a cost-benefit approach in establishing energy and utility management policies and energy auditing protocols and frequencies in lieu of the HUD requirement that energy audits be performed every five years.

VII. Energy Performance Contracting

- A. KCHA may, without prior HUD approval, enter into energy performance contracts with Energy Service Companies (ESCOs), also called Energy Service Agreements (ESAs), and make local determinations of the terms and conditions of energy performance contracts, including the debt service source, in order to satisfy reasonable financing requirements, provided that, with respect to each contract, (i) the term does not exceed 12 years, (ii) at least 50% of the energy cost savings are used to pay financing and debt service costs with the balance of any savings kept by KCHA, (iii) and KCHA maintains adequate file documentation showing the basis for KCHA's determination that debt service payments can be funded from the reasonably anticipated energy cost savings. The KCHA may also function as its own ESCo, provided that any financing complies with requirements (i) through (iii) of this paragraph. HUD will honor the terms and conditions of such contracts during and beyond the term of the MTW demonstration.
- B. The KCHA is authorized to pledge its reserves or other funds provided by HUD (for use during and after the term of the MTW demonstration) to guarantee the payment of debt service in the event that projected energy savings are not adequate to cover the debt service costs for an energy conservation project undertaken during the term of the MTW demonstration.
- C. To satisfy financing requirements, HUD will provide to the KCHA any reasonable documentation affirming the terms of the MTW Agreement, including KCHA's authority to enter into performance contracts or function as its own ESCo and HUD's agreement to freeze the KCHA's utility consumption for purposes of calculating operating subsidy eligibility, as provided in this Agreement, during the term of the MTW demonstration and continuing for the term of any contract or financial agreement, as provided above.

HUD also agrees to allow the KCHA to exclude from its subsidy calculation declines in tenant-paid utilities that are the result of energy performance contracting for developments with tenant-paid utilities. Line 11A, in KCHA proposed Form 52578, will continue to be inflated by rate changes in electricity costs during the term of the MTW agreement and continuing for the term of any contract or financial agreement as provided above.

VIII. Debt Service

To acquire, develop and rehabilitate housing for low-income households, the KCHA is authorized to borrow funds, including from its internal resources, amortize that debt in accordance with the prevailing interest rate, and earn interest on the loan at that rate.

IX. Changes to Procurement Requirements

- A. KCHA may submit for HUD consideration and approval alternative procurement policies, as follows:
- 1) KCHA may utilize qualification-based procurement as described in 24 CFR 85.36(d)(3)(v) for construction contracts and other procurement of services where KCHA deems said system the most suitable.
 - 2) KCHA may utilize an alternative system of procurement, subject to the following certifications by KCHA in relation to each transaction:
 - a) The contract price is reasonable for the goods, services, or property, which is the subject of the contract.
 - b) The selected contractor is qualified to perform the terms of the contract.
 - c) No individual member, officer, or employee of KCHA by through or under whose supervision (in whole or in part) the contract was offered and awarded, shall derive personal financial benefit from nor hold any beneficial interest, direct or indirect, in the contract.
 - d) Reasonable efforts to procure competitive prices and services were made.
- B. KCHA may use an alternative procurement policy and/or submit additional changes to the procurement policies contemplated under this agreement only after it submits for HUD consideration and approval KCHA's complete procurement policy, including the proposed changes to the policy.
- C. KCHA may enter into non-competitive contracts with any related qualified nonprofit of KCHA, provided that KCHA shall include a consolidated balance sheet in its annual MTW Plan and Report covering both the KCHA and the related nonprofit as it relates to utilization of HUD

funds and provided that the following certifications are made with respect to each transaction:

- 1) The contract price is reasonable for the goods, services, or property that is the subject of the contracts and is competitive with prices in the market.
 - 2) No individual member, officer, or employee of KCHA by through or under whose supervision (in whole or in part) the contract was offered and awarded, shall derive personal financial benefit from nor hold any beneficial interest, direct or indirect, in the contract.
 - 3) The member, officer, or employees of KCHA and the nonprofit involved in the transaction, where such persons are the same, have fulfilled their fiduciary relationship to both organizations, and the contract will be of benefit to, and not to the detriment of, either or both of the organizations.
 - 4) All costs associated with such transactions shall be allocated in accordance with basic cost allocation principles as required by OMB Notice A-122.
- D. KCHA may use its own form for construction contracts rather than a HUD-prescribed form, provided that such form contains all applicable HUD requirements.
- E. KCHA is authorized to self-certify those procurements listed in Chapter 11, 1. A. 1. Items (a) through (h), of the Procurement Handbook for Public Housing Agencies, 7460.8 REV1, that would otherwise require HUD's formal prior approval.

KCHA MTW Agreement

Attachment A

Calculation of Subsidies

During the term of this MTW Agreement, HUD will provide the King County Housing Authority (the "PHA") with operating subsidy, capital funds, and Section 8 assistance as described below:

Definitions in this Attachment:

Initial Year: The first PHA fiscal year in which the PHA begins operating under its MTW authority, which may be the same year as that in which this Agreement is executed. Specifically, for the purpose of calculating operating subsidy eligibility for inclusion in the MTW block grant, the Initial Year shall be the PHA's fiscal year beginning July 1, 2003. Section 8 funding is generally provided on a quarterly basis. For the purposes of Section 8 funding only, the initial period is the three month quarter commencing on July 1, 2003.

Base Year: The most recently completed Agency fiscal year prior to the Initial Year.

MTW Units: Units authorized for participation in MTW activities, as provided in Section 1 of the Appendix to this Agreement.

1. Operating Subsidy

The calculation of operating subsidy eligibility will continue in accordance with applicable operating subsidy formula law and regulations.

2. Capital Funds Program

A. The PHA's formula characteristics and grant amount will continue to be calculated in accordance with applicable law and regulations.

B. For modernization funds provided in years prior to the execution of this Agreement, the PHA may submit, and HUD will approve, a request to reprogram, by grant year, any unobligated funds for eligible MTW purposes. Such requests will be made in accordance with current procedures governing amendments to the Annual Plan, except that no public consultation will be necessary prior to submission of the request.

C. All funds programmed for MTW purposes will be recorded and drawn down from MTW-designated line items on relevant HUD forms.

3. Section 8 Tenant Based Assistance Units Eligible for Inclusion in Flexible Block Grant

- A. Conversion of a portion of existing Section 8 housing vouchers (those currently held by TANF recipients who are not in the Welfare to Work program and are not assisted via an enhanced Voucher) to Moving To Work units will be conducted according to instructions provided by HUD. A list of Section 8 units to be included in the block grant ("MTW units"), upon execution of this Agreement, was provided to HUD by the PHA.
- B. The number of Section 8 housing vouchers to be initially included in the block grant is 922. The number of MTW units may be adjusted during the term of this Agreement via procedures to be provided by HUD. Adjustments will be made only to add Vouchers held by TANF recipients who are assisted through a Family Unification Program (FUP) increment and only when the five-year FUP program term expires. (Note: this initial number may change based on actual data provided by the HA)

4. Calculation of Annual (Section 8) Subsidy

The calculation of funding is governed by the terms of the FY 2003 Omnibus Appropriations Act, which bases renewal funding on utilization in accordance with the terms of the MTW Agreement, and by any future appropriations requirements which may be enacted.

A. Initial year of MTW Participation:

The actual costs for the total Voucher program and the MTW cohort will be calculated, based on actual data provided by the housing agency, on form HUD-52681B for the months of February, March and April 2003 and additional HAP data provided by the PHA for the MTW cohort. Actual non-HAP costs will be apportioned to the MTW cohort based on the proportion of MTW units to the total Voucher program. The costs for the total program and for the cohort will be multiplied by the inflation factor established for the calculation of renewals (using the inflation factor, or annual adjustment factor (AAF) is published annually in the Federal Register (Table 1, the factor with the highest utility cost included) to arrive at an inflation-adjusted, MTW program cost (MTWPUC) for the initial funding period). The funding for the cohort will be deducted from the total that would have been provided for the entire program if the MTW program had not been initiated; the remaining voucher program will receive the remaining portion of the total funding.

B. Subsequent Years of MTW Participation:

For the MTW cohort: Multiply the total MTW subsidy established in the initial period (excluding reserves) by the annual inflation factor established for the calculation of renewal of Section 8 contracts to arrive at the current period's inflation-adjusted Section 8 MTW subsidy. If any Vouchers are being added to the MTW cohort as provided for in this Attachment, the per unit funding applicable to the cohort will be provided for each additional Voucher. The Vouchers will be removed from the calculation of subsidy for the regular (non-MTW) Vouchers.

For regular (non-MTW) Vouchers: The calculation of funding for regular Vouchers will continue in accordance with applicable laws, regulations and HUD procedures, in the same manner as funding is calculated for regular Vouchers of all housing agencies.

C. Program Reserve

1. An amount equal to one month's program costs (based on the initial year voucher program budget) will be made available from existing PHA program reserves for use as program reserves for MTW eligible units. This is a one-time provision of program reserves provided at the beginning of the PHA's MTW program.
2. There will be no year-end settle-up of annual funds provided for MTW Units. All funds provided through this calculation will remain available for authorized purposes.

MTW ANNUAL PLAN AND REPORT ELEMENTS

ANNUAL PLAN	ANNUAL REPORT
<p>I. HOUSEHOLDS SERVED</p> <p>A. Number and characteristics of households served at beginning of period, by:</p> <ul style="list-style-type: none"> - unit size - family type (family vs. elderly or disabled) - income group (<30; 30-50; 50-80;>80) - housing type (LRPH; leased, other) - race & ethnicity <p>B. Identify number and characteristics of households on waiting lists (all housing types). Discuss waiting list issues and proposed actions</p> <p>C. Number projected to be served at end of period</p> <p>D. Narrative discussion/explanation of change</p>	<p>I. HOUSEHOLDS SERVED</p> <p>A. Number served: plan vs actual by</p> <ul style="list-style-type: none"> - unit size - family type - income group - program/housing type - race & ethnicity <p>B. Changes in tenant characteristics</p> <p>C. Changes in waiting list numbers and characteristics</p> <p>D. Narrative discussion/ explanation of difference</p>
<p>II. OCCUPANCY POLICIES</p> <p>A. Statement of policies governing eligibility, selection, admissions, assignment, and occupancy of families, including the admissions policy under section 16(a)(3)(B) for deconcentration of lower-income families</p> <p>B. Statement of Rent Policy</p>	<p>II. OCCUPANCY POLICIES</p> <p>A. Changes in concentration of lower-income families, by program</p> <p>B. Changes in Rent Policy, if any</p> <p>C. Narrative discussion/explanation of change</p>
<p>III. CHANGES IN THE HOUSING STOCK</p> <p>A. Number of units in inventory at beginning of period by program (LRPH, leased, other)</p>	<p>III. CHANGES IN THE HOUSING STOCK</p> <p>A. Number of units in inventory by program: planned vs actual</p>

B. Projected number at end of period by program	B. Narrative discussion/explanation of difference
IV. SOURCES AND AMOUNTS OF FUNDING A. Identify/discuss all sources and amounts of funding included in consolidated budget statement B. Identify/discuss sources, amounts, and planned uses of special purpose funds outside the consolidated budget (e.g., DEG) C. Consolidated Budget Statement	IV. SOURCES AND AMOUNTS OF FUNDING A. Planned vs actual funding amounts B. Narrative discussion/explanation of difference C. Consolidated Financial Statement
V. USES OF FUNDS A. Previous year expenditures by line item B. Planned expenditures by line item C. Description of proposed activities/investments by line item/explanation of change from previously approved plan D. Reserve balance at beginning of year. Discuss adequacy of reserves	V. USES OF FUNDS A. Budgeted vs actual expenditures by line item B. Narrative/explanation of difference C. Reserve balance at end of year. Discuss adequacy of reserves
VI. CAPITAL PLANNING A. Describe major capital needs and projects, estimated costs, and proposed timetables B. Identify planned expenditures C. Demolition and Disposition Requests, if planned D. Homeownership activities, if any	VI. CAPITAL PLANNING A. Planned vs actual expenditures by property B. Narrative discussion/explanation of difference

VII. MANAGEMENT INFORMATION FOR OWNED/MANAGED UNITS

A. VACANCY RATES 1. Vacancy rates by property beginning of period 2. Narrative: issues and proposed actions 3. Target rates by property at end of period	A. VACANCY RATES 1. Target vs actual vacancies by property 2. Narrative/explanation of difference
B. RENT COLLECTIONS 1. Rents Uncollected (%) beginning of period 2. Narrative: issues and proposed actions 3. Target % at end of period	B. RENT COLLECTIONS 1. Target vs actual collections 2. Narrative/explanation of difference
C. WORK ORDERS 1. Response rates beginning of period <ul style="list-style-type: none"> • % emergency within 24 hrs • % regular within 30 days 2. Narrative: issues and proposed actions 3. Target rates at end of period	C. WORK ORDERS 1. Target vs. actual response rates 2. Narrative/explanation of difference
D. INSPECTIONS 1. Description of inspection strategy 2. Planned inspections (% this FY)	D. INSPECTIONS 1. Planned vs actual inspections completed 2. Narrative/discussion of difference 3. Results of independent PHAS inspections
E. SECURITY 1. Narrative: security issues and proposed actions	E. SECURITY 1. Narrative: planned vs actual actions/ explanation of difference

VIII. MANAGEMENT INFORMATION FOR LEASED HOUSING

<p>A. LEASING INFORMATION</p> <ol style="list-style-type: none"> 1. Units under lease (%) beginning of period 2. Target lease up rate at end of period 3. Plans regarding: <ul style="list-style-type: none"> • Ensuring rent reasonableness • Expanding housing opportunities • Deconcentration of low-income families 3. Issues and proposed actions 	<p>A. LEASING INFORMATION</p> <ol style="list-style-type: none"> 1. Target vs actual lease ups at end of period 2. Information and Certification of Data on Leased Housing Management, including: <ul style="list-style-type: none"> • Ensuring rent reasonableness • Expanding housing opportunities • Deconcentration of low-income families 3. Narrative/explanation of differences
<p>B. INSPECTION STRATEGY</p> <ol style="list-style-type: none"> 1. Description of inspection strategy, including: <ol style="list-style-type: none"> a) Planned inspections completed (% this FY) by category: <ul style="list-style-type: none"> * Annual HQS inspections * Pre-contract HQS inspections * HQS Quality Control Inspections b) HQS Enforcement 	<p>B. INSPECTION STRATEGY</p> <ol style="list-style-type: none"> 1. Results of strategy, including: <ol style="list-style-type: none"> a) Planned vs actual inspections completed by category: <ul style="list-style-type: none"> * Annual HQS inspections * Pre-contract HQS inspections * HQS Quality Control Inspections b) HQS Enforcement 2. Narrative/discussion of difference
<p>IX. RESIDENT PROGRAMS</p> <ol style="list-style-type: none"> 1. Description of activities 2. Issues and proposed actions 	<p>IX. RESIDENT PROGRAMS</p> <ol style="list-style-type: none"> 1. Narrative: planned vs actual actions/ explanation of difference 2. Results of latest PHAS Resident Survey, or equivalent as determined by HUD.

X. OTHER INFORMATION AS REQUIRED BY HUD

A. Board Resolution

- Adopting Plan
- Certifying that Public Hearing Requirements were met

B. Required Certifications and other submissions from which the Agency is not exempted by the MTW Agreement

C. Submissions required for the receipt of funds

A. Results of latest completed 133 Audit, (including program-specific OMB compliance supplement items, as applicable to the HA's Agreement)

B. Required Certifications and other submissions from which the Agency is not exempted by the MTW Agreement

C. Submissions required for the receipt of funds

Attachment C

Making Transitions Work: Program Benchmarks

Measurable Outcome	Baseline	Yr1	Yr2	Yr3	Yr4	Yr5	Yr6	Yr7
Public Housing								
▪ % Below 30% AMI Admitted	92%	≥80%	≥80%	≥80%	≥80%	≥80%	≥80%	≥80%
▪ % Rents Uncollected	1%	≤2%	≤2%	≤2%	≤2%	≤2%	≤2%	≤2%
▪ Occupancy Rate	98.8%	≥98%	≥98%	≥98%	≥98%	≥98%	≥98%	≥98%
▪ Emergency Work Orders Completed or Abated in <24 Hours	99.19%	100%	100%	100%	100%	100%	100%	100%
▪ Routine Work Orders Completed in < 30 Days	N/A	100%	100%	100%	100%	100%	100%	100%
▪ % Planned Inspections Completed	100%	100%	100%	100%	100%	100%	100%	100%
Section 8								
▪ % Below 30% AMI Admitted	89%	≥80%	≥80%	≥80%	≥80%	≥80%	≥80%	≥80%
▪ Utilization Rate	111%	≥97%	≥97%	≥97%	≥97%	≥97%	≥97%	≥97%
▪ Success Rates (Lease-Up)	83%	≥75%	≥75%	≥75%	≥75%	≥75%	≥75%	≥75%
▪ % Households in Low-Poverty Census Tracts (Baseline to Be Developed)								
▪ % Planned Annual Inspections Completed	100%	100%	100%	100%	100%	100%	100%	100%
▪ Quality Control Inspections	1.4%	>=1.4%	>=1.4%	>=1.4%	>=1.4%	>=1.4%	>=1.4%	>=1.4%

Note that, while a baseline is not available for Routine Work Orders Completed in < 30 Days, KCHA's current average days for routine work orders is 7 days.